



OFFICE OF
INSURANCE COMMISSIONER

In the Matter of)	No. G 04-72
)	
St. Paul Fire and Marine Insurance Company)	FINDINGS, CONCLUSIONS, AND
St. Paul Guardian Insurance Company)	
St. Paul Mercury Insurance Company)	AMENDED ORDER ADOPTING
Discovery Property and Casualty Insurance Company)	REPORT
United States Fidelity and Guaranty Insurance Company)	OF
Fidelity and Guaranty Insurance Underwriters, Inc)	MARKET CONDUCT EXAMINATION
Fidelity and Guaranty Insurance Company)	

Authorized Foreign Insurers

BACKGROUND

An examination of the market conduct of St. Paul Fire and Marine Insurance Company and Affiliates (the Companies) as of February 28, 2003, was conducted by examiners of the Washington Office of the Insurance Commissioner (OIC). St. Paul Fire and Marine Insurance Company and each of its affiliates hold a Washington Certificate of Authority as a Stock Insurer. The Companies are domiciled in either Minnesota, Illinois, Maryland, Wisconsin, or Iowa. This examination was conducted in compliance with the laws and regulations of the state of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the OIC.

The examination report, with the findings and instructions, was transmitted to the Company for comments on May 26, 2004. The Company's response to the report is attached to this order only for the purpose of providing convenient review of the response.

The Commissioner or a designee has considered the report, the relevant portions of the examiners' work papers, and submissions by the Company.

Subject to the right of the Company to demand a hearing pursuant to Chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

FINDINGS

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 3 through 27 of the report.

CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the market conduct examination of St. Paul Fire and Marine Insurance Company and Affiliates, and to order the Companies to take the actions described in the Instructions section of the report. The Commissioner acknowledges that the Companies may have implemented the Instructions prior to the date of this order. The Instructions in the report are an appropriate response to the matters found in the examination.

ORDER

The market conduct examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

The Company is ordered as follows, these being the Instructions contained in the examination report on page 20.

1. The Companies are ordered to comply with RCW 48.05.190(1) and identify the true name of the insurer on correspondence. (Instruction 1, Report Page 8)
2. The Companies are ordered to comply with RCW 48.17.060 and RCW 48.17.160 to ensure that agents are licensed and appointed with the Companies prior to soliciting business for the Companies. (Instruction 2, Report Page 9)
3. The Companies are ordered to comply with WAC 284-24-100 and fairly apply their schedule rating plans to every eligible policy. In addition, the Companies are instructed to identify all policies that were debited inappropriately and refund the overcharged premium. (Instruction 3, Report Page 11)
4. The Companies are ordered to comply with RCW 48.19.040(6) and follow their filed rules and rates when issuing a policy. (Instruction 4, Report Page 13)
5. The Companies are ordered to comply with RCW 48.18.2901 and issue every offer of renewal or non-renewal within the law's specified timeframes. (Instruction 5,

Report Page 14)

6. The Companies are ordered to comply with WAC 284-30-570 and complete every non-renewal or cancellation notice with the true reason for the action, in such detail that the insured does not need to undertake additional research to understand the Companies' decision. (Instruction 5, Report Page 14)

IT IS FURTHER ORDERED THAT, the Companies file with the Chief Market Conduct Examiner, within 90 days of the date of this order, a detailed report specifying how the Company has addressed each of the requirements of this order.

ENTERED at Tumwater, Washington, this 26th day of August, 2004.



MIKE KREIDLER
Insurance Commissioner